

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF COMMUNITY AFFAIRS
HOME Investment Partnerships Program**

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**HOME****MANAGEMENT MEMORANDUM**

HOME Investment Partnerships Program

Memorandum Number: 04-03

June 25, 2004**To: All Interested Parties****From: Tom Bettencourt
HOME Section Chief****Re: HOME's 2004 NOFA, Application Timeframes, and Request for Comments**

This management memo addresses the following:

1. The upcoming HOME Notice of Funding Availability (NOFA).
2. The HOME NOFA workshop dates and locations and registration process
3. The application deadline for CHDO certification applications
4. A request for comment on NOFA design issues presently under consideration. **All comments must be received by Tuesday, July 6.**
5. A request for volunteers to participate in subsequent, sometimes specialized, opportunities to comment on State HOME issues.
6. How to prepare for the upcoming 2004 NOFA
7. The Advanced HOME training, on rental housing issues, scheduled for the week of January 10, 2005.

1. The upcoming HOME Notice of Funding Availability (NOFA).

We anticipate issuing the State HOME NOFA on July 22, 2004. It will be mailed by U.S. mail to everyone who receives this mailing by U.S. mail. In addition, a memo announcing the mailing of the NOFA will be e-mailed to everyone who receives this memo by e-mail.

The NOFA will describe two major categories of HOME funds. Each has a different group of eligible applicants.

A. The main HOME Program, for approximately \$67 million

Eligible applicants are State HOME eligible cities, counties, and State-certified Community Housing Development Organizations (CHDOs) with proposed projects and/or programs located in eligible jurisdictions. Refer to the following link for last year's list of eligible cities and counties: http://www.hcd.ca.gov/ca/home/nofa2003/appdx-a_eligibilitylist.doc. The new list will be included in the 2004 NOFA.

B. The ADDI program (First Time Homebuyer Acquisition Only Program applications only), for approximately \$8 million.

- State HOME eligible cities and counties (CHDO's may not apply for program funds)
- Participating Jurisdictions and Consortia's who received no ADDI funding for either 2003 or 2004. See attached list.

We anticipate that the new HOME regulations will be in effect for this NOFA. The new regulations eliminate the application forms which have been previously used, and make substantial changes in contract terms, the rating and ranking of applications, and several other significant issues.

**2. The HOME NOFA workshop dates and locations and registration process.
All dates are in calendar year 2004 unless otherwise noted.**

July 6	Deadline for comments in response to this memo (see below)
July 22	NOFA Mailed
July 29	NOFA posted on www.hcd.ca.gov/ca/home/ website
August 5 – 19	Application Training Workshops (see attached “fax-it-back” registration form for more details)
Early August	Training Manual, Application, and workshop materials posted on website
September 15	Deadline for CHDO certification or recertification applications
October 15	HOME NOFA Application Deadline
December 10	HCD Loan Committee Meeting (for all rental and subdivision projects)
January 3, 2005	Issuance of Conditional Reservation Letters

To attend the 2004 HOME NOFA Training Workshops you must complete the attached “fax-it-back” form or e-mail the information to HOME@hcd.ca.gov. This form or e-mail will serve to reserve your place at one of the NOFA Workshops.

The 2004 Training Manual, Application, and Workshop hand-outs will be available at the NOFA Workshops and will be available on the HOME web site at www.hcd.ca.gov/ca/home (not yet posted). We strongly recommend attendance at one of the workshops. If you are unable to attend, you may obtain the training manual, application, and workshop materials from the web site in early August.

3. The application deadline for CHDO certification applications

A reminder for CHDOs whose certifications expire prior to the October 15, 2004 application deadline and for potential new CHDOs. The Department must receive your certification or

recertification application no later than close of business September 15, 2004, or your funding application will not be reviewed. Any awards will be contingent upon certification or recertification approval.

4. A request for your comments on NOFA design issues presently under consideration. We need your feedback by Tuesday, July 6 to publish the NOFA on July 22.

I am asking for your advice on several NOFA design issues. More broadly, the program would like feedback on an ongoing basis to ensure the State HOME program meets your needs. Therefore, we are asking for responses by e-mail or fax on the following issues. Please submit your responses by Tuesday, July 6 (or sooner) so we can accommodate suggestions into the final NOFA. Send e-mails to home@hcd.ca.gov, faxes to (916) 322-2904, attention: HOME Section Chief, or call Tom Bettencourt, HOME Section Chief, at (916) 327-3635.

Provide specific advice on the following issues related to the NOFA Design.

A. What should the application limits be for following:

- i) Rental new construction projects with 9% tax credits (last NOFA: \$1 million)
- ii) Rental new construction projects without 9% tax credits (last NOFA: \$3.5 million)
- iii) Rental rehabilitation projects (last NOFA: \$1 million)
- iv) Rental preservation (“at-risk”) projects (last NOFA: \$1 million)
- v) ADDI programs: \$200,000 (ADDI is new this year)
- vi) First Time Homebuyer and Owner-Occupied Rehabilitation programs: last year the limit was \$400,000 for one program and \$600,000 for two programs. TBRA programs: \$250,000. We are considering a change to a single \$500,000 limit for one or two programs (not including ADDI).
- vii) Rental Rehabilitation programs: last year was \$600,000. We are considering a change to \$1 million. Note that the proposed State HOME regulations limit any one project to 40% of the program allocation.

B. As you may be aware, per the new proposed State HOME regulations, the previous State HOME application form is being eliminated. The HOME program is considering adapting the CalHOME application for program applicants and adapting the MHP application for project applicants. What are your thoughts on this? What parts of the CalHOME and MHP applications should we use; which parts should we not use?

C. Should the State continue to allow applicants to apply for a combination activity of either First Time Homebuyer and Owner-Occupied Rehabilitation (with the contractor choosing how to allocate funds between these two categories)?

D. Should the State:

- 1. Continue to increase the application limit for “program” applicants by \$200,000 applicants for applicants who have met reporting and program milestone deadlines? Should other criteria be used, such as a) having met the most recent milestone, b) being able to make a case in the application to request more funds, c) basing the application

- amount on the number of proposed units and the average cost per unit? Should the amount of the bonus be higher? Or,
2. Instead of establishing a bonus criteria in the NOFA, should the State award more funds to program operators when they need them? For example, the State might be able to establish a separate quarterly NOFA which allowed existing HOME contractors to apply for augmentations to their program funding level. What should the criteria be for receiving augmentations? Should augmentations be available only to those funded in this NOFA (because they would not be allowed to apply for a bonus funding award in their original application), or should it be open to any HOME contractor which needs additional funds? Should it be a requirement that the contractor is up-to-date on all expenditure milestones? Note: the bonus will not apply to HOME PJs applying for ADDI funds.
- E. Assuming there will be a limited amount of match waiver authority available, what activities should receive a match waiver? Last year, match was waived for Owner Occupied Rehabilitation programs. Special requests were allowed to waive match for First Time Homebuyer programs with CalHFA limits that were too low. Should a match waiver be allowed for rental projects with limited or no sources of match? Should a match waiver be allowed for communities without redevelopment agencies?
- F. The Joe Serna Jr. Farmworker Housing Grant Program (JSJFWHG) is considering the possibility of combining some JSJFWHG funds with State HOME funds on rental new construction projects in rural areas. JSJFWHG funds could be awarded for Farmworker deals that are successful in this HOME program competition. Applications could be submitted directly to the HOME program, on the new HOME application forms, with a JSJFWHG addendum to allow HCD to make a determination that the project met JSJFWHG threshold requirements. The combination of these two resources, especially if combined with CDLAC Bonds/4% tax credits, could result in the funding of a rental project with \$8 to 9 million of “soft” debt (with no mandatory debt service). This could be sufficient to build rental housing in rural areas for very low income families. Some or all of the families would be farmworkers.

5. A request for volunteers to participate in subsequent, sometimes specialized, opportunities to comment on State HOME issues.

Would you be interested in being added to specialized e-mail lists, in which you would receive occasional e-mails soliciting your feedback and advice? If yes, please send an e-mail to tbettenc@hcd.ca.gov and indicate your interest areas:

- State Recipient (city and county)
- CHDOs
- Developers
- Consultants (Administrative Subcontractors)
- Detailed Set-up and Fiscal procedures
- Federal overlay issues
- Rehabilitation
- First Time Homebuyer Programs or Projects
- Tenant Based Rental Assistance
- Rental New Construction
- Other: please specify

6. How to prepare for the upcoming 2004 NOFA

You are encouraged to go to the HOME Program pages at the State HCD website, www.hcd.ca.gov/ca/home, and open the file “2nd 15 Day Notice – Revised HOME Regulation Amendment” http://www.hcd.ca.gov/ca/home/2nd_Revision.pdf. The 2004 Notice of Funding Availability” (NOFA) will be based on these regulations. The regulations are scheduled to be filed with the Office of Administrative Law in early July 2004. Please note that these regulations reflect several significant changes in the State HOME Program. See specifically Section 8211 of these regulations regarding the required application information and Section 8212 regarding the rating and ranking criteria that will be used to review 2004 applications.

You may also review the ADDI Interim rule on HUD’s website at:

<http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/addi.pdf>.

You may find these documents helpful in thinking about your possible application.

State HOME staff are available to answer any questions you may have regarding the upcoming HOME 2004 NOFA and are available at (916) 322-0356.

7. The Advanced HOME training, on rental housing issues, scheduled for the week of January 10, 2005.

Please indicate on the “fax-it-back” registration form the number of people from your organization interested in attending the free HUD sponsored 3 day Advanced HOME training being presented by ICF the week of January 10, 2005 in Sacramento. The training focuses on using HOME funds for rental housing. This will be targeted to State HOME cities, counties, CHDOs, their consultants, and State HOME Staff. You may view the course description at <http://www.icfhosting.com/hcd/cpd/hcdcpd.nsf/webpages/AdvancedHOMEDesc.html>